

After setting forth the arguments presented on both sides and analysing the position under the Treaties, he decided as follows

“(1) That the competence of the diplomatic representative of the Polish Government stationed at Danzig is limited as described in Article I of the Treaty of November 9th, 1920, and that no other Article, either of the Treaty of Versailles or of the Treaty of November 9th, 1920, gives him any further powers.

“(2) That the Polish Government has not the right, either through its Diplomatic representative at Danzig or in any other way to welcome officially in Danzig waters or on Danzig soil, a foreign fleet which visits the free City

“(3) That if the Polish Government wish to welcome a foreign fleet in Danzig waters and on Danzig soil, the Danzig Government should be approached on the subject, not as a Polish right, but as a Polish request.”

The Polish Government has appealed against this decision, and, after conversations which have taken place during the last few days at Paris, the following agreement has been reached

The representative of the Polish Government and the President of the Senate of the Free City of Danzig having, under the auspices of the High Commissioner of the League and the Director of the Administrative Commissions Section of the Secretariat, considered the question of the competence of the diplomatic representative of Poland at Danzig, and especially his position in connection with the visit of foreign ships of war to Danzig, have agreed as follows, the High Commissioner concurring

“The High Commissioner’s decision, dated August 23rd, 1922, is replaced by the following provisions

[Translation].

“1. The competence of the diplomatic representative of the Polish Government stationed at Danzig is limited as described by Article 1 of the Treaty of November 9th, 1920.

“As regards the relations of the diplomatic representative with the other Polish organisations in Danzig, such as the postal service, railway administration, etc., these are purely of a domestic nature and the Polish diplomatic representative is in no way hampered from establishing any relations either he or his Government desires with such organisations.

“2. When the warships of a foreign State visit Danzig, the first official visit of the commander of the ship will be paid to the Senate of the Free City which will welcome him on behalf of the Free City

“In consideration of the rights which are accorded to Poland by the Treaty of Versailles, the Polish diplomatic representative at Danzig shall have the right to be paid an official visit by the Commander of the warship on behalf of his Government and to salute the ship in question either on board ship or at his official residence.

“It is, however, understood that Poland will conduct the diplomatic correspondence in connection with the official visits of foreign warships to Danzig and that the Polish Government will make the necessary arrangements so that foreign warships coming to Danzig will be informed of, and act in accordance with, the provisions of this agreement.”

I have the honour to propose that the Council should take note of this agreement.

Annex 446.

C. 103. M. 49. 1923. I.

FINANCIAL SITUATION OF THE FREE CITY OF DANZIG

First report by M. Adatci and resolution adopted by the Council on January 30th, 1923.

At its meeting on September 9th, 1922,¹ the Council approved certain resolutions concerning the financial situation of the Free City of Danzig, which had been adopted by the Financial Committee of the League on September 6th, 1922. The Financial Committee in these

¹ See *Official Journal*, November 1922 (Part II), pages 1179 and 1241.

resolutions expressed, first, the desirability that the Reparation Commission should consider whether it could not grant, at the earliest possible moment, some postponement of the liabilities placed upon Danzig as a result of the Peace settlement secondly that the Allied Commission for the allocation of former German State property in Danzig should consider the desirability of finishing its work at once, and especially of deciding the future of the Danzig dockyards and the railway workshops and, thirdly, that Danzig should at once take in hand the question of introducing a new currency, and that, as a step in this direction, short-term Treasury bonds might be issued by the Free City either within its own territory or elsewhere in a sufficiently stable foreign currency

At this same meeting of the Council on September 9th, M. Askenazy made certain proposals on behalf of the Polish Government with regard to the acquisition by Poland of certain of the former German State properties in Danzig which had been allocated to the Free City

As a result of the resolutions adopted by the Financial Committee and the Council, the Secretary-General of the League has been in communication with the Reparation Commission, the Conference of Ambassadors, the High Commissioner of the League in Danzig and the Danzig Government. The Danzig Government, in letters dated November 16th and December 19th, 1922, and the High Commissioner in letters dated November 21st and December 22nd, 1922, have given further information on the financial situation of the Free City and have expressed their views on the measures required.

In its first note the Danzig Government pointed out certain difficulties which would be encountered in an attempt to carry out the suggestions made by the Financial Committee of the League. In its second note it expresses the opinion that the financial position of the Free City does not necessitate outside intervention in the form of foreign financial control, as had been proposed by the High Commissioner, and explains that it would be possible to balance the budget of the Free City for the period 1922-1923 without any deficit, but that the Free City's requirements in working capital would amount to thousands of millions of marks and that this was the vulnerable point in Danzig's financial position.

In a letter dated January 6th, 1923 (Annex 446 a), the Reparation Commission informed the Secretary-General of the League, among other things, that it had decided that a moratorium of twelve months, running from the date of that letter, should be granted as regards Danzig's liabilities in respect of (a) the former German State property acquired by the Free City under the Treaty and (b) the share of the German and Prussian public debts attributable to the Free City in accordance with the Treaty of Versailles.

In this same letter, the Reparation Commission pointed out that the Free City's liabilities in respect of the Inter-Allied occupation and administration in 1920 and the Mixed Boundary Commission did not fall within its jurisdiction, but that, in all probability, the Conference of Ambassadors would be competent to deal with the matter. This was brought immediately to the attention of the Conference of Ambassadors, but no reply has as yet been received from the Conference with regard to the various points submitted to it.

As already mentioned, Poland suggested that she might help the financial situation of Danzig by taking over a part of the former German State property which had been allocated to the Free City, but which it did not require. Poland would also take over the charges involved. In a note dated January 8th, 1923, the Danzig Senate expressed the view that such a transfer of property which Danzig, in its opinion, does in fact require, would not solve the financial problem of the Free City. The High Commissioner, in a note dated January 12th, 1923, points out other disadvantages from the standpoint of the financial position of the Free City which would be involved in such a transfer.

The letter from the Reparation Commission dated January 6th, 1923, was immediately communicated to the High Commissioner of the League and to the Danzig Government for their information. The granting of a moratorium for twelve months, in respect of the liabilities which constitute roughly 95 % of the debt incurred by Danzig on account of the Peace settlement, will naturally have a considerable effect upon this whole question. No communication has yet been received from the Danzig Government since that letter was forwarded to it. Despite the relief which the granting of this moratorium may give to the finances of the Free City the further rapid depreciation of the German mark has doubtless added difficulties, and I very much hope that the League's Financial Committee will continue to follow the financial situation of the Free City

I beg to submit the following resolutions

“(1) The Secretary-General is requested to thank the Reparation Commission for its letter of January 6th, 1923, and for the action which it has taken to relieve the financial difficulties of the Free City of Danzig.

“(2) The Secretary-General is requested to communicate to the Financial Committee of the League all the recent correspondence on this question, with a request to that Committee to continue to follow the developments in the financial situation of the Free City and to make such further reports to the Council of the League as it may deem desirable.

“(3) The Secretary-General is asked to request the Danzig Government to continue to keep the League of Nations informed with regard to its financial situation and with regard to any further steps taken to carry out the recommendations approved by the Financial Committee of the League on September 6th, 1922.

“(4) The Secretary-General is requested to communicate to the Reparation Commission and to the Conference of Ambassadors those parts of the correspondence which concern their work, and to represent to the latter the desire of the Council to receive an early reply regarding the matters referred to it.”

Annex 446a.

C. 20. M. 9. 1923. 1.

FINANCIAL SITUATION OF THE FREE CITY OF DANZIG.

Letter from the Reparation Commission to the Secretary-General of the League.

Paris, January 6th, 1923.

Sir,

The Reparation Commission has the honour to refer to your letter of September 14th, 1922, forwarding a recommendation put forward by the Financial Committee of the League of Nations on September 6th, 1922, to the effect that the Free City of Danzig should be temporarily relieved from the financial liabilities incumbent on it under the Treaty of Versailles.

In reply the Commission desires to state that it has decided that a moratorium of twelve months running from the date of this letter shall be granted as regards Danzig's liabilities in respect of

(a) the properties formerly belonging to the German Empire or to the Prussian State acquired by the Free City under Articles 107 and 256 of the Treaty of Versailles, and

(b) the share of the German and Prussian Public Debts attributable to the Free City in accordance with Articles 108 and 254 of the Treaty

The Commission must, however, reserve the right to charge interest at 5% on the amount of the liabilities of Danzig up to the date on which they are paid.

As regards the Free City's liabilities in respect of

(1) The Inter-Allied occupation and administration in 1920, and

(2) The Mixed Boundary Commission set up under Article 101 of the Treaty the Commission points out that this question does not fall within its jurisdiction, and presumes that the Conference of Ambassadors, to which the question of Danzig's liabilities has also been submitted, will be competent to deal with this matter.

(Signed) B. W. KEMBALL COOK.

(») M. D. AMELIO.